

Message Text

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15

ORIGIN OPIC-06

INFO OCT-01 EA-10 ISO-00 EB-07 AID-05 /029 R

DRAFTED BY OPIC/F:FRHILL

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EA/EAA:RELLERT-BECK

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EB/IFD/OIA:DHSTEBBING

EA/K:PMAYHEW

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R 102115Z JUN 75

FM SECSTATE WASHDC

TO AMEMBASSY SEOUL

UNCLAS STATE 135189

E.O. 11652: N/A

TAGS: EFIN

SUBJECT: OPIC GUARANTY OF KDB OFFERING

REF: (A) SEOUL 3621; (B) STATE 95757

1. KDB OFFICIAL CORRECT IN HIS UNDERSTANDING THAT UNDER A SPECIALIZED APPLICATION OF ITS GUARANTY AUTHORITY OPIC COULD GUARANTEE A PUBLIC OFFERING BY KDB IN THE U.S. CAPITAL MARKETS. THE PROCEEDS WOULD BE ADDED TO THE GENERAL FUNDS OF THE BANK AND BE AVAILABLE FOR LENDING TO INDUSTRIAL AND AGRICULTURAL PROJECTS WITH U.S. PROCUREMENT REQUIREMENTS. THE PROJECTS WOULD NOT NEED TO EXHIBIT THE NORMAL OPIC CRITERIA AS TO U.S. EQUITY OWNERSHIP BUT OVERALL THE BANK'S POLICY MUST BE TO GIVE EQUAL ACCESS TO VENTURES WITH U.S. OWNERSHIP.

2. THIS SPECIALIZED USE OF OPIC GUARANTY AUTHORITY IS SEPARATE FROM THE WITHDRAWN AID PROPOSAL DESCRIBED IN REF B.

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3. THE AUTHORITY IN PARA ONE HAS NOT OFTEN BEEN USED IN RECENT YEARS DUE TO THE RELATIVE UNATTRACTIVENESS OF THE U.S. CAPITAL MARKET. AT PRESENT OPIC HAS ONE SUCH

APPLICATION (FROM THE PHILIPPINES) UNDER CONSIDERATION. ACTION ON THE PHILIPPINE PROPOSAL WAS DEFERRED, HOWEVER, BY THE OPIC BOARD UNTIL JULY 21 BECAUSE SOME OF THE POSSIBLE SUPPORTERS OF THE MEASURE WERE ABSENT FROM THE JUNE MEETING AND TREASURY ARGUED AGAINST APPROVAL OF A PROJECT WHICH WOULD ENCOURAGE FOREIGN ENTRY INTO THE DOMESTIC CAPITAL MARKET AT A TIME WHEN THEY FEAR EXPANDED U.S. BORROWINGS TO FINANCE THIS YEAR'S SUBSTANTIAL DEFICIT MAY PUSH UP INTEREST RATES MORE THAN IS DESIRABLE. ALSO, THE POSTPONED ISSUE WOULD IN EFFECT BE A PILOT PROJECT OF THIS TYPE FOR OPIC AND OPIC WOULD LIKE TO EXAMINE THE RESULTS OF THE LOAN BEFORE PROCEEDING WITH SIMILAR GUARANTEES. THERE IS ALSO, OF COURSE, AGAIN PROBLEM OF OPIC EXPOSURE IN CASE OF PROPOSED KOREA GUARANTEE. LEHMAN HAS BEEN SO ADVISED BY OPIC.

4. NEVERTHELESS, FURTHER CONSIDERATION BY OPIC OF THE KOREAN GUARANTEE IS NOT PRECLUDED.

5. OPIC IS POUCHING MATERIAL REQUESTED IN REF A. KISSINGER

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<< END OF DOCUMENT >>

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Draft Date: 10 JUN 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
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Disposition Event:
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